

Remarks of Congressman
Henry A. Waxman, Chairman
Subcommittee on Health and the Environment
at the
First Annual Program Meeting
of the
Health Care for the Homeless Program
Washington, D.C.
November 19, 1985

Good morning. Let me begin by commending you on this unique undertaking. You have made a dramatic start in answering a problem that the Federal government has not yet begun to deal with.

Some of us in the Congress are struggling to persuade the Reagan Administration that health care for the homeless--and all poor people--is at least partly a Federal responsibility. Meanwhile, you are out there in the rescue missions and neighborhood clinics and mobile vans, delivering badly needed services to those people who are the most disenfranchised in this country.

Someday, I hope, the country will recognize that you have continued to care for people while the rest of society just stands by. I hope that we in the Federal government will learn from and build upon your work over the next few years. Until that time, please accept my thanks.

Now, however, I should warn you that progress at the Federal level is not on the horizon. Anything but. In the present Congress and under the present Administration, it will take every effort we can make just to preserve the health care programs we already have for the poor.

The Medicaid program is especially endangered. The rhetoric of balancing the budget has captured even those politicians that once recognized a Federal responsibility to the poor, the disabled, and the elderly.

It may surprise you, for example, to learn that the Congress no longer views Medicaid as a "low-income program." It certainly surprised me.

But the Congress--swept up by the political posturing and fiscal blackmail of the Gramm-Rudman budget machine--has decided that Medicaid is just another program in which major cuts can be made without undue hardship. Even Medicaid's traditional supporters have decided that it is too much money to try to protect.

Already, both the Senate and the House have adopted proposals to force reductions in the Federal deficit during each of the next five years, until the Federal budget is balanced. Both plans set specific deficit targets for each year. Both require the President to issue an

order cutting programs across the board if the target is not met.

The House version exempts some low-income programs from the automatic cuts under the Presidential order, including means-tested entitlements like AFDC, SSI, and Food Stamps. But Medicaid, which looks a lot like a means-tested program to me, is not exempt. Instead, it is treated like Medicare, and subjected to reductions in payments to hospitals and physicians.

The Senate version, as one might expect, does not exempt any low-income programs from the automatic Presidential cuts. Somehow, the Senators--even Senators who once supported National Health Insurance--seem to think it is "fair" to cut programs for the poor by the same percentage as programs for the middle class and the wealthy.

Apparently, the Senate believes that when we cut, say, 3 percent from AFDC for poor families, and 3 percent from the Federal Postal subsidies for bulk mailing, that we have cut fairly. Poor families and bulk mailers would each bear their "fair share."

This is even more ironic when you note that neither the House nor Senate plans would cut tax loopholes for the wealthy or tax expenditures for corporations. This tax spending will cost the Federal treasury \$424 billion in lost revenue this year alone.

But tax spending is completely off the bargaining table. No cuts will be made.

Such plans mean that we will automatically cut shelter assistance for the homeless. But the affluent will continue to be able to deduct all of the expenses of their vacation condos.

This means we will automatically cut Federal Medicaid payments for the poor. But large corporations will continue to be able to deduct their payments for the health coverage of their officers.

So there you have it: the New Fairness.

It is, of course, just the Old Fairness again--the Fairness of the Nineteenth Century, when Anatole France pointed out that:

"The law, in its majestic equality, forbids the rich as well as the poor to sleep under bridges, to beg in the streets, and to steal bread."

I doubt that the homeless--and those of you who work with them--will see the majesty of the equality here. It is clear to me that many homeless people will be hurt by the massive Gramm-Rudman program cuts in local health and social service systems.

But as bad as Gramm-Rudman is, I don't want to leave you with the impression that the Congress is completely oblivious to the plight of the homeless. Significant assistance is a long way

away, and entitlement programs are eroding under our feet, but some small progress is being made.

Last month, my Committee reported out a bill I introduced to authorize grants to States to establish protection and advocacy systems for the mentally ill. The protection and advocacy agencies would investigate incidents of abuse and neglect of the mentally ill, including dumping and inappropriate discharge from hospitals, nursing homes, board and care homes, or community facilities.

While the focus of this legislation is not exclusively on the homeless, the P and A agencies are responsible for seeking remedies for the mentally ill homeless within the first 3 months after discharge, the time when many people disappear in the cracks between the institution and the community. I hope that these advocacy resources can improve the access of the mentally ill homeless to health care and other services.

The Senate has already passed a similar bill, and I would expect the House to approve our bill before the end of this session. There is a good chance we will get the measure to the President's desk before the end of the year.

The other important Congressional initiative, which is exclusively focused on the homeless, is found in the House version of this year's budget bill. The House bill proposes a three-part program of shelter assistance for the homeless:

- \$66 million for an emergency food and shelter program operated by the Federal Emergency Management Agency;

- \$50 million for assistance to nonprofit organizations providing second-stage housing and support services for the homeless; and

- \$100 million for grants to States and localities for the renovation and operation of emergency shelters, including the provision of new health and drug abuse services.

A Federal Homeless Assistance Commission would also be established to review applications for emergency shelter grants and to reallocate unused funds. This Commission should also serve as an institutional advocate for the homeless at the Federal level.

The proposed emergency shelter program has a number of interesting parallels to your health care for the homeless program, and--down the road--it might form the basis for extending the institutional arrangements that you have begun in your communities.

Of course, this proposal is a long way from enactment. The House approved the program just last month, but the Senate has no

similar programs in its budget bill.

I hope that the Senate will give the House proposals serious consideration in the House-Senate conference. Those of you who are in a position to do so should make your views on this known to the appropriate Senators as soon as possible. If we miss this opportunity, the Gramm-Rudman plan will prevent a second chance for a long time.

Let me close with an observation. It is fairly clear to me that some version of the Gramm-Rudman balanced budget plan will be enacted before Congress adjourns for the year. And it is perfectly clear to me that, under Gramm-Rudman, Federal health programs will enter a new era of fiscal retrenchment, unlike anything we have seen.

Let me give you a sense of what the poor are in for, using the example of Medicaid and AFDC. Both are means-tested entitlements under which the Federal government makes matching payments to the States to provide cash assistance and medical care to poor mothers and children.

Let's assume that we will have to cut a total of \$10 billion to meet our Gramm-Rudman deficit target this year. We will be lucky if that is all we have to cut. Then under the Senate version, we would have to reduce Federal payments to the States for these two programs by \$700 million this year alone. Even under the House version, which exempts AFDC from cuts altogether and limits the cuts in Medicaid, Federal payments would have to be cut by \$300 million this year.

Now that's just the first year -- from next January through next September. Cuts in future years will probably be much worse. One independent analysis, using the projections of a consensus of private economists, estimates that in 1987 and 1988, Federal Medicaid payments alone would be cut by \$9.7 billion.

Obviously, cuts of this magnitude will put incredible fiscal pressure on State and local government, since almost all other Federal grant-in-aid programs will be cut at the same time. Many States, particularly those with weak economies, will be forced to cut back on Medicaid or AFDC eligibility and benefits. This will leave local health care providers that now serve low-income patients in a financially untenable position.

The model you have developed--private foundations pooling resources with local government and community organizations--will have to be expanded if those that serve the poor are to continue their missions and if the poor are to be helped at all.

But the Congress must also be made aware of the consequences of its fiscal policies for the poor.

I agree with my colleagues who argue that we cannot allow the

(
Federal government to default on its obligations to holders of Treasury bills. But they must also learn that we cannot allow it to default on its obligations to the poor and the homeless. This kind of default--which seems to occur daily--is every bit as devastating as a fiscal crisis.

I look forward to learning from you, and working with you, as your program continues over the next few years.

Congratulations on your work, and thank you for inviting me.